

ELMA SCHOOL DISTRICT No. 68
Grays Harbor County, Washington
September 1, 1991 Through August 31, 1993

Schedule Of Federal Findings

1. Payroll Charges To Federal Programs Should Be Supported By Time And Attendance Records

Elma School District does not have an acceptable system for recording employee time and attendance spent on the federal Handicapped program.

The "Common Rule" for *Uniform Administrative Requirements for Grants and Cooperative Agreements To State And Local Governments* and U.S. Office of Management and Budget (OMB) Circular A-87, *Cost Principles*, establish standards for documentation and allowability of costs chargeable to federal grant programs. Among those standards are:

- a. Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities. (Common Rule)
- b. Amounts charged to grant programs for personal services will be based on payrolls supported by time and attendance or equivalent records for individual employees. (OMB Circular A-87)

In the absence of a system that meets federal standards, salary and benefits charged to federal programs are not properly supported.

District and program management indicated they were unaware, or did not understand, the federal requirements for time and attendance reporting and documentation. They were under the mistaken impression time and attendance records were not required if its employees were assigned to only one federally funded program.

We recommend the district establish a time and attendance reporting system, including written procedures, which will comply with the standards set forth in the "Common Rule" and OMB Circular A-87.